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February 28, 2013

Mrs. Jocelyn Boyd
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, South Carolina 29210

RECEIVED

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**PSC SC
MAIL/DMS**

Dear Mrs. Boyd:

Progress Energy Carolinas' ("PEC") last general rate case was in 1988 in Docket No. 1988-11-E. The Commission's Order No. 88-864 issued in that proceeding required PEC to file quarterly earnings reports based on the Commission's findings in that proceeding containing:

- 1) System Rate of Return on Rate Base – Exhibit A1
- 2) South Carolina Rate of Return on Rate Base – Exhibit A2
- 3) Return on Common Equity (Allocated to South Carolina Retail) – Exhibit B
- 4) Earnings Per Share on Progress Energy Common Stock – n/a
- 5) Debt Coverage Ratio or Earnings to Fixed Charges – 2.2 times

In compliance with the ORS's request, PEC submits its quarterly earnings report for the 12 months ended December 31, 2012 on a per books and as adjusted basis using jurisdictional allocations based on 2011 data. Also included is a verification of the report.

Attached is a copy of this report, which I request that you stamp and return to me. If you have any questions or concerns, please call me at 919-546-2559.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Scott Foster'.

M. Scott Foster
Manager – PEC Regulatory & Property Accounting
Progress Energy Service Company

c: John Flitter

Enclosure

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Clark S. Gillespy, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Progress Energy Carolinas, INC., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Clark S. Gillespy
Signature of President

Clark S. Gillespy
Typed or Printed Name of Person Signing

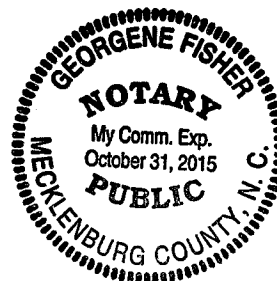
State President, Duke Energy South Carolina
Title

02/22/13
Date Signed

Subscribed and sworn to before me this 22 day of February, 2013.

Georgene Fisher
Notary Public

My Commission Expires: _____



CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Progress Energy Carolinas, INC., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

James D. Wiles
Signature of Person Making Verification

James D. Wiles
Typed or Printed Name of Person Signing

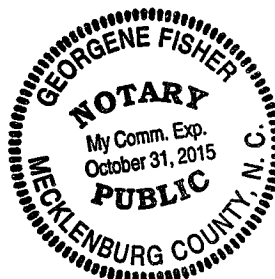
Director Regulated Accounting
Title

February 22, 2013
Date Signed

Subscribed and sworn to before me this 22 day of February, 2013.

Georgene Fisher
Notary Public

My Commission Expires: _____



PROGRESS ENERGY CAROLINAS
SC QUARTERLY REPORT
PER BOOKS AND ADJUSTED COS STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2012

SYSTEM TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL PER BOOKS	ADJUSTMENTS	TOTAL WITH ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	4,696,565,182	-	4,696,565,182
OPERATING EXPENSE:			
NET O&M EXPENSES	3,309,080,903	20,478,941	3,329,559,844
DEPRECIATION	534,724,559	431,057	535,155,616
TAXES (OTHER THAN INCOME)	218,746,724	812,574	219,559,298
INCOME TAX - STATE	(3,250,364)	2,503,503	(746,861)
INCOME TAX - FEDERAL	(47,536,237)	(191,381,796)	(238,918,033)
PROV. FOR DEFERRED TAXES	231,674,014	184,487,711	416,161,725
INVESTMENT TAX CREDIT	(6,679,670)	-	(6,679,670)
TOTAL OPERATING EXPENSE	4,236,759,929	17,331,990	4,254,091,919
INCOME FOR RETURN:			
OPERATING INCOME	459,805,253	(17,331,990)	442,473,263
CUSTOMER GROWTH	1,977,813	(74,552)	1,903,261
INTEREST ON CUST. DEPOSITS	(7,626,124)	-	(7,626,124)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	454,156,942	(17,406,542)	436,750,400
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	18,974,122,894	153,315,943	19,127,438,837
PLANT HELD FOR FUTURE USE	18,328,772	-	18,328,772
RESERVE FOR DEPRECIATION	(9,140,369,289)	(431,057)	(9,140,800,346)
NET PLANT IN SERVICE	9,852,082,377	152,884,886	10,004,967,263
NUCLEAR FUEL INVENTORY	550,400,330	-	550,400,330
DEFERRED TAXES - LIB. DEPR.	(2,177,171,361)	174,966,764	(2,002,204,597)
REGULATORY ASSETS	1,106,909,146	(174,966,764)	931,942,382
WORKING CAPITAL:			
MATERIALS & SUPPLIES	809,599,378	(24,769,599)	784,829,779
CASH WORKING CAPITAL	480,379,598	-	480,379,598
UNCLAIMED REFUNDS	-	-	-
PREPAYMENTS	11,969,335	-	11,969,335
TAX ACCRUALS	(18,606,295)	-	(18,606,295)
CUSTOMER DEPOSITS	(120,201,475)	-	(120,201,475)
OPERATING RESERVES	(712,567,327)	-	(712,567,327)
CUSTOMER ADVANCES FOR CONSTR.	(13,481,860)	-	(13,481,860)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	437,091,354	(24,769,599)	412,321,755
TOTAL RATE BASE	9,769,311,846	128,115,287	9,897,427,133
RATE OF RETURN (%)	4.65		4.41

PROGRESS ENERGY CAROLINAS
SC QUARTERLY REPORT
PER BOOKS AND ADJUSTED COS STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2012

S.C. RETAIL TOTAL - ELECTRIC OPERATIONS			
DESCRIPTION	TOTAL PER BOOKS	ADJUSTMENTS	TOTAL WITH ADJUSTMENTS
(1)	(2)	(3)	(4)
	\$	\$	\$
NET OPERATING REVENUE	516,641,487	-	516,641,487
OPERATING EXPENSE:			
NET O&M EXPENSES	361,924,596	2,341,422	364,266,018
DEPRECIATION	65,708,608	73,509	65,782,117
TAXES (OTHER THAN INCOME)	16,557,596	90,376	16,647,972
INCOME TAX - STATE	194,776	1,134,953	1,329,729
INCOME TAX - FEDERAL	(11,343,033)	(21,466,977)	(32,810,010)
PROV. FOR DEFERRED TAXES	33,016,784	21,333,930	54,350,714
INVESTMENT TAX CREDIT	(747,954)	-	(747,954)
TOTAL OPERATING EXPENSE	465,311,373	3,507,213	468,818,585
INCOME FOR RETURN:			
OPERATING INCOME	51,330,114	(3,507,213)	47,822,902
CUSTOMER GROWTH	77,968	(5,327)	72,641
INTEREST ON CUST. DEPOSITS	(609,243)	-	(609,243)
HARRIS DEFERRAL AMORT.	-	-	-
TOTAL INCOME FOR RETURN	50,798,839	(3,512,540)	47,286,300
RATE BASE:			
PLANT IN SERVICE:			
ELECTRIC PLANT IN SERVICE	2,183,883,138	17,052,097	2,200,935,235
PLANT HELD FOR FUTURE USE	2,038,562	-	2,038,562
RESERVE FOR DEPRECIATION	(1,054,776,497)	(69,251)	(1,054,845,748)
NET PLANT IN SERVICE	1,131,145,203	16,982,846	1,148,128,049
NUCLEAR FUEL INVENTORY	62,217,126	-	62,217,126
DEFERRED TAXES - LIB. DEPR.	(281,967,484)	19,954,260	(262,013,224)
REGULATORY ASSETS	150,564,271	(19,460,143)	131,104,128
WORKING CAPITAL:			
MATERIALS & SUPPLIES	92,910,296	(2,799,950)	90,110,346
CASH WORKING CAPITAL	55,202,767	-	55,202,767
UNCLAIMED REFUNDS	-	-	-
PREPAYMENTS	1,375,934	-	1,375,934
TAX ACCRUALS	(2,138,885)	-	(2,138,885)
CUSTOMER DEPOSITS	(18,113,723)	-	(18,113,723)
OPERATING RESERVES	(81,432,586)	-	(81,432,586)
CUSTOMER ADVANCES FOR CONSTR.	(1,760,894)	-	(1,760,894)
UNAMORTIZED PROJECTS	-	-	-
TOTAL WORKING CAPITAL	46,042,909	(2,799,950)	43,242,959
TOTAL RATE BASE	1,108,002,025	14,677,012	1,122,679,037
RATE OF RETURN (%)	4.58		4.21

PROGRESS ENERGY CAROLINAS
S.C. QUARTERLY REPORT
S.C. RETAIL - RETURN ON COMMON EQUITY
FOR THE TEST YEAR ENDED DECEMBER 31, 2012

"PER BOOKS"

DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT \$	RATIO %			
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	4,685,319,629	46.13%	511,121,334	4.31%	22,029,329
PREFERRED STOCK	59,333,982	0.58%	6,426,412	5.33%	342,528
COMMON EQUITY	5,413,170,614	53.29%	590,454,279	4.81%	28,426,982
TOTAL CAPITALIZATION	10,157,824,225	100.00%	1,108,002,025		50,798,839 *

"ADJUSTED"

DESCRIPTION	TOTAL COMPANY CAPITALIZATION		S.C. RETAIL RATE BASE	RATE EARNED	NET OPERATING INCOME
	AMOUNT \$	RATIO %			
(1)	(2)	(3)	(4)	(5)	(6)
LONG-TERM DEBT	4,685,319,629	46.66%	523,842,039	4.31%	22,577,592
PREFERRED STOCK	59,333,982	0.59%	6,623,806	5.33%	353,049
COMMON EQUITY	5,296,848,507	52.75%	592,213,192	4.11%	24,355,659
TOTAL CAPITALIZATION	10,041,502,118	100.00%	1,122,679,037		47,286,300 *

* Includes approximately \$6.6M net of tax of Cost to Achieve.